



MESSAGE FROM THE CHIEF FINANCIAL OFFICER

This Performance and Accountability Report summarizes the highlights of the Department's performance during FY 2006, and provides our stakeholders with the information needed to assess our performance relative to our mission and the financial resources entrusted to us. The report fulfills the requirements of the Reports Consolidation Act of 2000, the Chief Financial Officers Act, the Government Performance and Results Act, the Federal Managers' Financial Integrity Act, and the Government Management Reform Act.

In FY 2006, the Department of Commerce maintained a green status rating on the Financial Performance Scorecard, and achieved green status on the Budget and Performance Integration Scorecard of the President's Management Agenda. The Department remains strongly committed to the President's mandate to improve financial management and to integrate budget and performance. By ensuring both the integrity of our financial operations and the accuracy of our financial data, we can be confident that we are managing our resources well. This is critical to ensuring that American taxpayers know that their dollars are well spent.

Readers of this report will note that the Department continues to make strides in improving management of resources. We are proud of having achieved an unqualified audit opinion on our consolidated financial statements for the eighth consecutive year. During the fiscal year we also strengthened the Department's internal controls program, successfully implementing the requirements of OMB Circular A-123. In addition, we finalized the selection of a location in which to consolidate our financial management servers (hardware and software), implemented the first phases of the migration of the Commerce Business System to Web-based technology, and completed implementation of the Web-based version of the Department's corporate data base. An assessment of the Department's management of property and personally identifiable information, also completed during FY 2006, has identified opportunities for improvement and revised policy. Personal property is the subject of a Department-wide internal control review begun in FY 2006 and continuing into FY 2007.

In FY 2006, we also were able to resolve the reportable condition for construction-in-progress controls. One reportable condition—information technology controls—remains. However, auditors have acknowledged the Department's progress in resolving this issue, and work continues to accomplish resolution in the new fiscal year.

During FY 2007, we will continue to enhance our financial management systems and refine our financial and performance products to address the needs of our stakeholders. We remain committed to maximizing the effectiveness of our programs and their benefit to the American taxpayer.

Otto J. Wolff

Chief Financial Officer

and Assistant Secretary for Administration